

DEPARTMENT OF INSURANCE

EXECUTIVE OFFICE
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February 22, 2016

VIA ELECTRONIC MAIL & U.S. Mail**RE: Coal Divestment – Clarification**

In late January you received a letter from me requesting that you voluntarily divest from direct investments you have in companies that hold thermal coal assets, extract or process thermal coal, or utilities that burn thermal coal.

In response to my first letter, many insurance company representatives have contacted my office either directly or through insurance trade associations. I am pleased to learn that a number of insurers have already declared their intention to voluntarily comply with my request to divest from thermal coal operations. Initially I asked that your company respond to my divestment request by February 24, 2016. However, in light of the many questions raised by insurers and the extent to which insurers have not, prior to my request, been analyzing their portfolios to determine the extent of their holdings in thermal coal companies, I have decided to extend the date for insurers to reply my thermal coal divestment request to June 1, 2016. If you have not done so already, please submit your response to Coal.Divest@insurance.ca.gov.

When I asked all California licensed insurance companies to divest from thermal coal, I also announced that I would be conducting a data call regarding carbon based investments for all insurance companies writing \$100 million or more in direct premium in the United States. In this regard, I also invited those same companies to participate in a technical conference-call scheduled for March 2, 2016. I have decided to expand this technical conference call to include technical questions companies might have about my request that they divest from thermal coal investments. Having one technical conference call to address insurer questions about the carbon-based investment data call and the thermal coal divestiture, will allow companies to be in a better position to both understand the data call and give you the answers you need to decide whether you are willing to commit to divesting from thermal coal.

The technical conference call is set for 10:00 a.m. (PST) on March 2, 2016. Your company may join the call by dialing 888-428-4476. Please RSVP to Shannon.Heinzer@insurance.ca.gov to indicate whether anyone will be attending from your company and who specifically will attend. Please be sure to include your NAIC entity number, company name, and group number, and do so no later than February 29, 2016.

I also encourage you to view the Department of Insurance's website where you will find additional information about these Carbon Initiatives, including answers to many of the questions we have received since I announced these programs in January of this year – www.insurance.ca.gov/Carbon-Initiative; hopefully this information will help facilitate your understanding of how we intend to proceed.

Again, thank you for your consideration of my voluntary call for divestment from thermal coal. I look forward to continuing to work with you on these very important initiatives.

Sincerely,

DAVE JONES
Insurance Commissioner